

AMENDED IN ASSEMBLY AUGUST 11, 2016

AMENDED IN ASSEMBLY AUGUST 1, 2016

AMENDED IN ASSEMBLY MAY 31, 2016

AMENDED IN SENATE APRIL 14, 2016

AMENDED IN SENATE APRIL 6, 2016

AMENDED IN SENATE MARCH 7, 2016

## **SENATE BILL**

**No. 919**

**Introduced by Senator Hertzberg  
(Coauthor: Senator Cannella)**

(Coauthors: Assembly Members Brough, Chang, and Olsen)

January 27, 2016

---

An act to add Section 711 to the Public Utilities Code, relating to water supply.

### LEGISLATIVE COUNSEL'S DIGEST

SB 919, as amended, Hertzberg. Water supply: creation or augmentation of local water supplies.

(1) Under existing law, the Public Utilities Commission has regulatory authority over public utilities, including electrical corporations, as defined. The existing California Renewables Portfolio Standard Program requires a retail seller of electricity, as defined, and local publicly owned electric utilities to purchase specified minimum quantities of electricity products from eligible renewable energy resources, as defined, for specified compliance periods, sufficient to ensure that the level of procurement of electricity products from eligible

renewable energy resources reaches a specified percentage of retail sales by a specified date.

This bill would require the commission, before January 1, 2018, in consultation with the Independent System Operator, to address the oversupply of renewable energy resources through a tariff or other economic incentive for electricity purchased by customers operating “facilities that create or augment local water supplies,” as defined, to reduce the cost of electricity to those facilities.

Because a violation of an order or a direction of the commission is a crime, this bill would impose a state-mandated local program.

(2) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: yes.

*The people of the State of California do enact as follows:*

1 SECTION 1. (a) The Legislature finds and declares all of the  
2 following:

3 (1) California’s drought has affected every region of the state.  
4 Scientists predict our changing climate will increase the frequency,  
5 length, and severity of droughts in the future. As a result, the state  
6 must prioritize local water security.

7 (2) Traditionally, California has relied on interregional water  
8 transfers and tapping groundwater sources.

9 (3) California’s water systems were developed in an era of  
10 plentiful water, delivering fresh water hundreds of miles away at  
11 little cost. Those systems allowed regions to develop without  
12 sufficient local supplies.

13 (4) During droughts, however, groundwater supplies are pumped  
14 faster than they can be replenished, and 2014 saw the lowest final  
15 calendar year allocation in the 54-year history of the state water  
16 project, just 5 percent allocated of that which was requested.

17 (5) This drought, coupled with forecasts of a changing climate  
18 featuring even more severe droughts, has forced Californians to  
19 prioritize local water security.

1 (6) There are several underutilized water resources that can be  
2 managed locally, including desalination, brackish water desalting,  
3 water recycling, and water reuse. One of the barriers to  
4 cost-effective desalination, brackish water desalting, water  
5 recycling, and water reuse is the cost of electricity because moving  
6 and treating water are energy intensive.

7 (7) Recent forecasts of California's electrical grid show  
8 substantial challenges to integrating a high fraction of electricity  
9 from renewable resources, including curtailment of resources due  
10 to oversupply. Such excess electricity could be directed through  
11 regulatory signals, demand response, and appropriate tariffs to  
12 facilities that create or augment local water supplies in an effort  
13 to meet the needs for local water security and integration of  
14 generation from renewable energy resources.

15 (8) There is a clear public interest in maximizing the  
16 development and expansion of facilities that create or augment  
17 local water supplies. Given that water and energy are inextricably  
18 linked, it is also imperative that those facilities receive all available  
19 cost-effective energy efficiency, demand response, and regulatory  
20 assistance.

21 (b) It is the intent of the Legislature to expedite funding made  
22 available pursuant to the Water Quality, Supply, and Infrastructure  
23 Improvement Act of 2014 (Division 26.7 (commencing with  
24 Section 79700) of the Water Code) for projects that encourage the  
25 deployment of facilities that create or augment local water supplies,  
26 including, but not limited to, desalination, brackish water desalting,  
27 water recycling, water reuse, stormwater and dry weather runoff  
28 capture and use, or groundwater recharge facilities.

29 SEC. 2. Section 711 is added to the Public Utilities Code, to  
30 read:

31 711. (a) Before January 1, 2018, the commission, in  
32 consultation with the Independent System Operator, shall address  
33 the oversupply of renewable energy resources through a tariff or  
34 other economic incentive, such as ~~time-of-use~~ *time-variant* rates,  
35 demand response, and dynamic pricing, for the electricity  
36 purchased by customers operating facilities that create or augment  
37 local water supplies to apply at the option of the customer, to  
38 reduce the cost of electricity to those facilities.

39 (b) The commission may consider implementing subdivision  
40 (a) in an existing proceeding.

1 (c) For purposes of this section, “facilities that create or augment  
2 local water supplies” include desalination, brackish water desalting,  
3 water recycling, water reuse, *groundwater treatment and*  
4 *remediation activities*, stormwater and dry weather runoff capture  
5 and use, and groundwater recharge facilities.

6 SEC. 3. No reimbursement is required by this act pursuant to  
7 Section 6 of Article XIII B of the California Constitution because  
8 the only costs that may be incurred by a local agency or school  
9 district will be incurred because this act creates a new crime or  
10 infraction, eliminates a crime or infraction, or changes the penalty  
11 for a crime or infraction, within the meaning of Section 17556 of  
12 the Government Code, or changes the definition of a crime within  
13 the meaning of Section 6 of Article XIII B of the California  
14 Constitution.